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## WHY YOUR CLIENTS NEED CRITICAL ILLNESS COVERAGE EVEN THE BEST HEALTH INSURANCE PLANS DON'T COVER EVERYTHING

These days, with rising health care costs and cutbacks in health insurance, it doesn't take much for employees to be forced to dip into their savings to pay for medical bills. When you factor in the medical treatment required to treat a serious illness, such as a heart attack or stroke, many employees could wipe out their entire savings account and perhaps even their 401(k). Add nonmedical expenses, such as home modifications, special medical equipment, caregivers, child care, income loss and everyday expenses, and you can see how catastrophic a serious illness can be to an employee's financial situation.

A recent Colonial Life/Harris Interactive survey\* reports employees are concerned about the effects of a serious illness on their financial situation:

- Eighty-four percent of employees covered by insurance are concerned about themselves or someone in their family being diagnosed with cancer, heart disease or another serious illness.
- Seventy-one percent of employees are interested in buying personal insurance products at work, in addition to their current health insurance policy, to help cover expenses for cancer or other serious illnesses.

It's clear that employees don't think health insurance alone is enough to cover the costs of medical treatment for serious illnesses. Insurance brokers are starting to realize employees' increased financial risk, too, and are looking for a critical illness solution. It's time to consider making critical illness insurance part of your agency's portfolio of solutions and use it to strengthen your client relationships.

### Employees Want It

Employees young and old know they're on the hook for increasing medical expenses, and they're

looking for an affordable way to minimize that risk. They realize a long, costly recovery period after a serious illness could affect their ability to bring home a paycheck, which makes it even harder to pay for needed treatment. With a good critical illness plan, employees can use the benefits to help protect their family's financial health while they concentrate on recovery.

A critical illness plan pays insureds a lump-sum benefit when they're diagnosed with a covered disease, such as heart disease, stroke, major organ failure or cancer. Insureds receive the benefits regardless of their health insurance coverage, and they can use the money as they see fit. Some plans pay benefits for one covered disease. Some cover several disease categories, paying benefits for more than one disease. And some also offer benefits if the insured has a recurrence of the same disease or is diagnosed with another covered serious illness.

### Employers Need It

Regardless of the size of your client's business, one employee's experience with a heart attack and the resulting thousands of dollars in out-of-pocket costs can undo all the client's efforts to gain employee appreciation for the benefits pro-

\*Survey, Harris Interactive and Colonial Life & Accident Insurance Company, July 31 – August 4, 2008

gram. Word of mouth about the employee's financial hardship can travel quickly throughout the company and could seriously undermine the goodwill your client has built. If it's as simple as adding a critical illness plan employees can pay for on their own, why wouldn't you talk to your clients about offering it? A critical illness plan can help your clients:

- Provide additional benefits at no direct cost to your clients.
- Strengthen their benefits package.
- Attract and retain quality employees.

Critical illness coverage can also complement other benefits in the employer's program:

- With disability insurance. Disability insurance is income replacement that pays the same monthly benefit regardless of the severity of the total disability. Pair it with a critical illness plan to make up the difference between the flat disability benefit and the living wage to bridge the elimination period gaps and give the insured more time to focus on recovery when the disability benefit ends.
- With life insurance. When the insured doesn't survive a critical illness, life insurance helps cover the remaining treatment costs, funeral expenses and the insured's lost income. When the insured survives, a critical illness plan provides a "living" benefit for medical and nonmedical costs of recovery.
- With a hospital confinement indemnity plan. A hospital confinement indemnity plan helps cover the out-of-pocket expenses associated with an illness, such as outpatient services and inpatient deductibles. Packaged with a critical illness plan, the insured can use the benefits for additional uncovered medical expenses and nonmedical recovery expenses, such as rehabilitation, home modifications, caregivers and more.

### How to Choose the Right Critical Illness Plan

In the early days of critical illness plan design, most plans paid benefits for one covered illness, and then the coverage was over. More recent plan designs include coverage for more than one critical illness, which means policyholders get more value from the plans. Today, some plans are even better, offering a wider range of covered illnesses and paying benefits for recurrences.

One of the most common mistakes you can make is to shop price. Instead, do comparison-shopping on plan design. Look for:

- Variety of covered illnesses, such as heart attack; stroke; major organ failure; permanent paralysis cause by a covered accident; coma; blindness; oc-

cupational infectious HIV; Hepatitis B, C or D; and cancer.

- Percentage of benefits payouts for covered conditions, such as 100% or 25% of the policy's face amount.
- Additional benefit opportunities for other covered illnesses, such as coronary artery bypass graft surgery, coronary artery disease or carcinoma in situ.
- Subsequent diagnosis benefit that pays additional benefits if an insured is diagnosed with the same or a different covered illness.
- Health screening benefits to help with prevention and early detection of diseases.
- Underwriting options, such as guaranteed issue or simplified underwriting.
- Full portability with no increase in premium or change in plan design.
- Policy language on conditions covered, waiting periods and pre-existing conditions.

Critical illness coverage is an affordable solution for clients who want to strengthen their benefits, address increasing medical costs and still give employees financial protection during their recovery. Make sure you're a partner in helping your clients create a competitive benefits program that helps attract and retain top talent. The more you can solidify your client relationships by bringing strong benefits options to the table, the more you can grow your business and protect your accounts from the competition. **FIU**

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